

From: Scott@ScottPriceHomes.com [mailto:Scott@ScottPriceHomes.com]
Sent: Tuesday, October 18, 2005 1:51 PM
To: ATR-Real Estate Workshop
Subject: Inputs regarding the high level of competitiveness within the Real Estate industry

Hello. As a relatively new Realtor of just 2 years, I can personally attest to the high level of competitiveness that exists within the real estate industry. Please consider the following points:

- 1) With the large number of Realtors currently in the market, total combined average commissions in my area have dropped from about 6% to 5%, although expenses for practitioners have risen and continue to rise.
- 2) With the advent of low service and Internet-based brokerage options, even lower commissions are widely available and easily accessible to consumers interested to receive lower service levels for lower fees.
- 3) There are a huge number of real estate brokerages throughout the country. Not only is there a wide range of competing major national brokerages, but there are actually more small "mom and pop" brokerages than offices of the national brokerages.
- 4) Barriers to entry are low for real estate agents, and are non-discriminator in any way.
- 5) Consumers who complain about the 5-6% fees also do not understand that Realtors are generally self-employed people who must pay their own self-employment taxes, have no group health insurance, have no to minimal retirement investment options, must pay all of their own business expenses, and the commission gets split between the buyers agent and sellers agent and then generally gets split again in some way between the agent on each side and their brokerage firm. The average income for a Realtor in the U.S. is less than \$40K/year. As in any industry, there are stars that make far more, but the majority make a meager/standard living by modern standards, especially when you consider the self-employed risks we take that most regularly employ people never take and likely do not even understand.

The National Association of Realtors continues to do an excellent job supporting competitiveness within the entire industry. For those who complain about minor restrictions within the various MLS's around the country, it is important to remember that the MLS is not "free": it has been developed through the hard work and investments of dues-paying Realtors everywhere. For those who say that the MLS should be opened up even more than it already is open: they miss the point that the MLS is a cooperative business venture and not intended as a public free-for-all. It is analagous to saying that eBay is not entitled to control its website and company infrastructure because it provides a forum for selling things that it does not own, or it is analagous to saying that a consignment shop does not own its store since the items inside are owned by others, or doctors do not own their practice since the medical information inside is really their patients' information, etc. etc.

Please understand these important points when recognizing the excellent job that Realtors have already done to ensure long term viability and competitiveness within the real estate industry.

Thank you.

Sincerely,
Scott Price

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